

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 GSA-02 SOE-02 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11

OES-09 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 FRB-03

XMB-02 /147 W

-----030021 101812Z /44

R 101500Z AUG 78

FM AMCONSUL LUBUMBASHI

TO SECSTATE WASHDC 2585

INFO AMEMBASSY KINSHASA

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 02 LUBUMBASHI 0970

E. O. 11652: GDS

TAGS: EMIN, CG, BE, FR

SUBJECT: GECAMINES PERSONNEL PROBLEMS

REF: (A) LUBUMBASHI 894 (B) LUBUMBASHI 819 (C) LUBUMBASHI 956

1. SUMMARY. HAVING TERMINATED CONTRACTS WITH EXPATRIATES EVACUATED FROM KOLWEZI, GECAMINES HAS BEGUN RESTAFFING EFFORT, STRESSING MECHANICS, TECHICIANS AND PEOPLE WHO CAN TRAIN ZAIRIANS TO ASSUME MORE RESPONSIBILITIES. NEW CLASS OF CONTRACT EXPATRIATES BEING SELECTED FROM FORMER EMPLOYEES (23 FRENCH AND 1 ENGLISH SELECTED TO DATE) AND FROM FRENCH BUREAU DES RECHERCHES GEOLOGIQUES ET MINIERES (ASKED SO FAR TO RECRUIT 30 COOPERANTS). WHILE MANY OBSERVERS IN LUBUMBASHI CONTEND THAT PRESENT AND REAL ZAIRIANIZATION OF GECAMINES IS LONG OVERDUE, THEY VIEW PRESENT PLAN AS EFFORT TO PREVENT FRENCH AND BELGIANS FROM PURSUING COMMON POLICY OF REFORM FOR ZAIRE. END SUMMARY.

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2. GECAMINES (GCM) OFFICIALS HAVE CONFIRMED THAT LETTERS HAVE BEEN SENT TO EVACUATED KOLWEZI EXPATRIATE EMPLOYEES TERMINATING THEIR SERVICE WITH THE MINING COMPANY. THE LETTERS WERE SENT FROM PARIS ON SOZACOM STATIONERY WITH THE SIGNATURE OF GCM DELEGATE UMBA KYAMITALA. IT IS UNDERSTOOD THAT GCM WILL MAAKE TERMINATION PAYMENTS TO ALL FORMER EMPLOYEES WHICH COULD EQUAL UP TO THE EQUIVALENT

OF ELEVEN MONTHS SALARY DEPENDING UPON LENGTH OF SERVICE WITH THE COMPANY.

3. GECAMINES DELEGATE GENERAL UMBA IN MEETING ON AUGUST 7 STATED THAT GECAMINES WAS PURSUING NEW COURSE OF ACTION IN EXPATRIATE HIRING FOR KOLWEZI. IN THE PAST AS HOLD--OVER FROM UNION MINIERE DAYS, EXPATRIATES HAD BEEN ALLOWED TO PURSUE LONG TERM CAREERS WITH THE COMPANY. SYSTEM WAS INCOMPATIBLE WITH NEED TO TRAIN ZAIRIANS TO RUN COMPANY, BECAUSE EXPATRIATES ATTEMPTED TO SECURE AND PRESERVE KEY POSITIONS FOR THEMSELVES. IN THE FUTURE, EXPATRIATES WOULD BE HIRED ON CONTRACT FOR A FEW YEARS TO HANDLE MAINTENANCE ACTIVITIES AND ACT AS ENGINEER TRAINERS FOR ZAIRIAN STAFF. NO COUNTRY'S NATIONALS WOULD BE ALLOWED TO DOMINATE THE EXPATRIATE STAFF BECAUSE OF POLITICAL PROBLEMS WHICH COULD DEVELOP BETWEEN THAT COUNTRY AND ZAIRE. NEW PERSONNEL POLICIES WERE INTENDED INITIALLY ONLY FOR KOLWEZI OPERATIONS.

4. UMBA DID NOT THINK THERE WOULD BE ANY PROBLEM FINDING EXPATRIATES TO RESTAFF KOLWEZI'S OPERATIONS BECAUSE OF THE TIGHT JOB MARKET IN EUROPE. DURING HIS RECENT VISIT TO EUROPE HE SAID HE HAD RECEIVED MANY INQUIRIES ABOUT JOB OPPORTUNITIES WITH GCM FROM FORMER EMPLOYEES AS WELL AS PEOPLE WITH NO PREVIOUS SHABA EXPERIENCE. HE NOTED THAT LETTERS HAVE ALREADY BEEN SENT TO 27 FORMER KOLWEZI EX-CONFIDENTIAL

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PATRIATES INVITING THEM TO RETURN. OTHER FORMER EMPLOYEES MIGHT BE ADDED TO THE LIST IN THE FUTURE. GECAMINES WAS NOT REHIRING ANY OF OLDER EXPATRIATES WHO HAD OFTEN BEEN MARKING TIME WAITING FOR RETIREMENT.

5. UMBA POINTED OUT THAT EVEN WITHOUT EXPATRIATE PRESENCE AT KOLWEZI TOTAL COMPANY PRODUCTION WAS PRESENTLY AT 89 PERCENT OF CAPACITY, A FIGURE WHICH COMPARED FAVORABLY WITH THE PAST WHEN COMPANY WAS PLAGUED BY DIESEL AND COAL SHORTAGES. NEVERTHELESS, WITH CONTINUED LOW COPPER PRICES GECAMINES COULD NOT AFFORD TO RETAIN LARGE NUMBER OF EXPATRIATES. HE SAID HE LOOKED TO FRANCE, BELGIUM AND CANADA AS PRIMARY SOURCES OF FUTURE RECRUITMENT. HE IMPLIED THAT GECAMINES WOULD BE RECRUITING DIRECTLY RATHER THAN RELYING ON THE BELGIAN SOCIETE GENERALE DES MINERAIS (SG.). HE ADDED THAT HE DID NOT BELIEVE THAT THESE NEW PERSONNEL POLICIES WOULD HAVE AN IMPACT ON THE IBRD DECISIONS TO CONTINUE FINANCING GCM'S P-2 EXPANSION PROJECT.

6. SENIOR EXPATRIATES ARE LESS OPTIMISTIC ABOUT IMPACT OF NEW POLICIES NOT ONLY FOR FUTURE OF COMPANY BUT ALSO ON THEIR OWN FUTURES WITHIN GECAMINES. FEW EXPATRIATES

BELIEVE PRESENT PRODUCTION LEVELS CAN BE MAINTAINED WITHOUT INFUSION OF HIGHER PERCENTAGE OF FORMER EMPLOYEES THAN THEY BELIEVE IS PLANNED. THEY ALSO BELIEVE ZAIRIAN STRESS ON TECHNICAL AND MAINTENANCE ABILITIES IN RE-STAFFING KOLWEZI OVERLOOKS EXPERIENCE OF FORMER FOREMEN AND MANAGERS, A FACTOR WHICH PLAYED KEY ROLE IN PAST GECAMINES PRODUCTIVITY. THEY DOUBT THAT IBRD WILL BE SYMPATHETIC TO GECAMINES FINANCIAL NEEDS WITHOUT GUARANTEES THAT EXPERIENCED MANAGERS WILL BE IN CHARGE.

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C O N F I D E N T I A L SECTION 02 OF 02 LUBUMBASHI 0970

7. IN BACK OF MINDS OF MANY EXPATRIATES IS FEAR THAT SIMILAR CUTBACKS ARE INTENDED AT OTHER INSTALLATIONS. THEY FEEL THEIR OWN JOBS ARE IN QUESTION, ESPECIALLY IF PRODUCTIVITY AT KOLWEZI IS MAINTAINED WITHOUT FORMER STAFF. ATMOSPHERE OF DISTRUST IS DEVELOPING. VISITS TO KOLWEZI BY LUBUMBASHI EXPATRIATES HAVE DECLINED TO ONE OR TWO OFFICIALS PER WEEK, WHICH SATISFIES BOTH KOLWEZI CADRES' DESIRE TO RUN THINGS ON THEIR OWN AND INCREASINGLY COMMON EXPATRIATE POSITION TO SIT ON SIDELINES AND LET ZAIRIANS RUN COMPANY AGROUND. WHILE UMBA SAYS HE IS BEING EVEN HANDED IN TREATMENT OF FRENCH AND BELGIANS, BELGIANS ARE DOUBTFUL. ONE SENIOR BELGIAN POINTED OUT THAT OF FIRST 24 GCM FORMER EMPLOYEES REHIRED, 23 WERE FRENCH AND ONE WAS ENGLISH. ONLY BELGIANS ASKED TO RETURN AS OF AUGUST 4 WERE FIVE TEACHERS FROM GCM

TECHNICAL SCHOOL IN KOLWEZI. WHEN MINOR PROBLEMS DEVELOPED RECENTLY AT LUILU, EXPERT CHOSEN TO MAKE REPAIRS WAS NOT PERMITTED TO GO AFTER HIGH LEVEL ZAIRIANS LEARNED HE WAS BELGIAN.  
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8. FRENCH CONSUL HAS CONFIRMED THAT ALMOST ALL OF EXPATRIATES REHIRED HAVE BEEN FRENCH, BUT HE POINTS OUT THAT THEY REPRESENT ONLY ABOUT 25 PERCENT OF FORMER FRENCH NATIONALS AT KOLWEZI. HE SAID THAT RECRUITING FOR NEW EXPATRIATES WAS BEING HANDLED BY BUREAU DES RECHERCHES GEOLOGIQUES ET MINIERES (BRGM) OF PARIS, BUT THAT HE DID NOT THINK ANY NEW EMPLOYEES HAD YET SIGNED A CONTRACT. HE SAID THAT UMBA TOLD HIM PRIVATELY THAT GECAMINES HOPED TO CUT THE TOTAL EXPATRIATE STAFF TO ABOUT 400 IN THE NEAR FUTURE (FROM PRE-ATTACK LEVEL OF 1203).

9. LOCAL BELGIAN BANKER WHO FOLLOWS GECAMINES AFFAIRS SAID THAT BRGM HAD BEEN ASKED TO PROVIDE 30 COOPERANTS AT TECHNICAL LEVEL (MECHANICS, MASTER TECHICIANS, ETC.) ZAIRIAN MARKETING COMPANY WITH OFFICE IN PARIS IS IN CONTACT WITH BRGM ON THIS AND OTHER PERSONNEL MATTERS. HE NOTED THAT GCM WOULD ALSO BE OPENING AN OFFICE IN PARIS AFTER JANUARY 1, 1979. HE BELIEVED THAT FORMER GCM CONTRACT WITH SGM HAD BEEN ANNULLED "DE FACTO." IN FUTURE MONTHS HE SAID HE UNDERSTOOD GECAMINES WOULD REDUCE ITS TOTAL NUMBER OF EXPATRIATES TO ABOUT 500.

10. COMMENT. MANY PEOPLE IN SHABA ARE NOTING THAT GCM'S NEW PERSONNEL POLICIES FOR KOLWEZI ARE FIRST STEP IN REVOLUTION FOR COMPANY. FOR FIRST TIME SINCE ZAIRIAN GOVERNMENT SEIZED UNION MINIERE TEN YEARS AGO, ZAIRIANS ARE ATTEMPTING TO DISPLACE BELGIANS WHO HAD SOUGHT CAREERS WITH THE COMPANY. WHILE MANY LOCAL OBSERVERS FEEL THAT SUCH A CHANGE IS LONG OVERDUE AND THAT THE COMPANY HAS BEEN PADDED FOR MANY YEARS WITH EXPATRIATE DEADWOOD, THERE IS SOME CONCERN THAT THE PRINCIPAL PURPOSE IS TO  
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POSE OF THE ACTION AT THIS TIME IS POLITICAL. PRESIDENT MOBUTU IS USING GECAMINES' PERSONNEL POLICIES AS A STICK TO WAVE IN FRONT OF THE FRENCH AND BELGIANS, THEREBY PREVENTING THEM FROM DEVELOPING A COMMON FRONT WITH OTHER WESTERN NATIONS TO FORCE REAL REFORMS UPON ZAIRE.

11. LONGER TERM EFFECT ON PRODUCTION REMAINS UNKNOWN. LIKEWISE, NUMBER OF EXPATRIATES NEEDED TO ASSIST AT KOLWEZI REMAINS A QUESTION MARK. ANSWERS TO BOTH QUESTIONS DIVIDE ON RACIAL AND POLITICAL LINES. SINCE SOCIALIST GOVERNMENT IN BELGIUM IS NOT VIEWED FROM LUBUMBASHI EITHER AS FRIEND OF MOBUTU OR FRIEND OF LARGE BELGIAN COMMERCIAL AND ECONOMIC INTERESTS IN ZAIRE, LOCAL OBSERVERS FEEL THAT ZAIRIAN OVERTURES TO FRANCE WILL MEET LITTLE BELGIAN OPPOSITION AND ARE LIKELY TO SUCCEED AT LEAST IN THE VERY SHORT TERM. FOR THE LONGER, ALMOST ALL EXPATRIATES, BOTH BELGIAN AND FRENCH ARE VERY PESSIMISTIC ABOUT GECAMINES' PROSPECTS.  
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## Message Attributes

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